

HOUSE BILL 982

C3

2lr3031
CF SB 928

By: **Delegate Davis**

Introduced and read first time: February 10, 2012

Assigned to: Health and Government Operations

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 18, 2012

CHAPTER _____

1 AN ACT concerning

2 **Health Insurance – Fees for Administrative Services Provided by Insurance**
3 **Producers – Authorized**

4 FOR the purpose of authorizing an insurance producer who is licensed to sell health
5 insurance to charge reasonable fees for ~~services related to the administration of~~
6 ~~a health benefit plan~~ an administrative service that is sold by the insurance
7 producer to an employer ~~and covers eligible employees of the employer~~;
8 providing that fees may not be charged by an insurance producer for certain
9 services; requiring an insurance producer to disclose certain information on a
10 certain form and in a certain manner before a fee for administrative services is
11 charged; requiring the disclosure form to be signed by the insurance producer
12 and an authorized representative of the employer and retained by the insurance
13 producer as required by regulations adopted by the Maryland Insurance
14 Commissioner; defining a certain term; and generally relating to fees for
15 administrative services provided by insurance producers.

16 BY repealing and reenacting, without amendments,
17 Article – Insurance
18 Section 27–216(a)
19 Annotated Code of Maryland
20 (2011 Replacement Volume)

21 BY adding to
22 Article – Insurance
23 Section 27–216(g)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 Annotated Code of Maryland
2 (2011 Replacement Volume)

3 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
4 MARYLAND, That the Laws of Maryland read as follows:

5 **Article – Insurance**

6 27–216.

7 (a) A person may not willfully collect a premium or charge for insurance if
8 the insurance is not then provided, or is not in due course to be provided subject to
9 acceptance of the risk by the insurer, in a policy issued by an insurer as authorized by
10 this article.

11 **(G) (1) IN THIS SUBSECTION, “ADMINISTRATIVE SERVICE” MEANS A**
12 **SERVICE, OTHER THAN A SERVICE RELATED TO THE SALE, SOLICITATION,**
13 **NEGOTIATION, OR SERVICING OF A HEALTH BENEFIT PLAN, THAT AN**
14 **INSURANCE PRODUCER PROVIDES TO ASSIST AN EMPLOYER IN:**

15 **(I) COMPLYING WITH A STATUTORY OR REGULATORY**
16 **REQUIREMENT;**

17 **(II) PROVIDING AN EMPLOYEE BENEFIT ON BEHALF OF THE**
18 **EMPLOYER; OR**

19 **(III) PERFORMING FUNCTIONS RELATED TO THE**
20 **MANAGEMENT OF EMPLOYEES OF THE EMPLOYER.**

21 **(2) (I) NOTWITHSTANDING SUBSECTION (A) OF THIS SECTION**
22 **AND SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, AN INSURANCE**
23 **PRODUCER WHO IS LICENSED UNDER TITLE 10 OF THIS ARTICLE TO SELL**
24 **HEALTH INSURANCE MAY CHARGE REASONABLE FEES FOR ~~SERVICES RELATED~~**
25 **~~TO THE ADMINISTRATION OF A HEALTH BENEFIT PLAN THAT:~~**

26 **~~1. AN ADMINISTRATIVE SERVICE THAT IS SOLD BY~~**
27 **~~THE INSURANCE PRODUCER TO AN EMPLOYER; AND~~**

28 **~~2. COVERS ELIGIBLE EMPLOYEES OF THE~~**
29 **~~EMPLOYER.~~**

30 **(II) AN INSURANCE PRODUCER MAY NOT CHARGE FEES**
31 **UNDER THIS SUBSECTION FOR SERVICES THAT ARE:**

1 1. COMPENSATED BY COMMISSIONS OR ~~SIMILAR~~
 2 ~~OTHER COMPENSATION REMUNERATION~~ PAID TO THE INSURANCE PRODUCER
 3 BY AN INSURER ~~FOR THE SALE OF~~, NONPROFIT HEALTH SERVICE PLAN, OR
 4 HEALTH MAINTENANCE ORGANIZATION RELATED TO A HEALTH BENEFIT PLAN
 5 ~~TO~~ OF AN EMPLOYER; OR

6 2. PERFORMED BY THE INSURANCE PRODUCER
 7 ACTING AS AN ADMINISTRATOR UNDER TITLE 8, SUBTITLE 3 OF THIS ARTICLE
 8 OR AN ADVISER UNDER TITLE 10, SUBTITLE 2 OF THIS ARTICLE.

9 ~~(2)~~ (3) BEFORE A FEE FOR ADMINISTRATIVE SERVICES IS
 10 CHARGED, AN INSURANCE PRODUCER, ON A FORM ~~APPROVED~~ ADOPTED BY THE
 11 COMMISSIONER BY REGULATION, SHALL DISCLOSE IN A CLEAR AND
 12 CONSPICUOUS MANNER:

13 (I) EACH ADMINISTRATIVE SERVICE ~~OR GROUP OF~~
 14 ~~ADMINISTRATIVE SERVICES~~ TO BE PROVIDED;

15 (II) THE FEE FOR EACH ADMINISTRATIVE SERVICE ~~OR~~
 16 ~~GROUP OF ADMINISTRATIVE SERVICES~~ TO BE PROVIDED; AND

17 (III) IF THE INSURANCE PRODUCER SELLS A HEALTH
 18 BENEFIT PLAN TO THE EMPLOYER, THE AMOUNT OF COMMISSION OR ~~SIMILAR~~
 19 OTHER COMPENSATION THAT THE INSURANCE PRODUCER WILL RECEIVE FROM
 20 ~~THE AN~~ AN INSURER, NONPROFIT HEALTH SERVICE PLAN, OR HEALTH
 21 MAINTENANCE ORGANIZATION ~~FOR THE SALE OF THE HEALTH BENEFIT PLAN~~
 22 ~~TO THE EMPLOYER~~ RELATED TO THE HEALTH BENEFIT PLAN.

23 ~~(3)~~ (4) THE DISCLOSURE FORM REQUIRED UNDER PARAGRAPH
 24 ~~(2)~~ (3) OF THIS SUBSECTION SHALL BE:

25 (I) SIGNED BY THE INSURANCE PRODUCER AND AN
 26 AUTHORIZED REPRESENTATIVE OF THE EMPLOYER; AND

27 (II) RETAINED BY THE INSURANCE PRODUCER AS REQUIRED
 28 BY REGULATIONS ADOPTED BY THE COMMISSIONER.

29 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
 30 October 1, 2012.